Frances Dare
Director, Healthcare Consulting Practice
Internet Business Solutions Group
Cisco
June 4, 2008
U.S. House of Representatives
Committee on Energy and Commerce - Subcommittee on Health

Mr. Chairman, Ranking Member Deal, Members of the Subcommittee:

My name is Frances Dare, and I am director of the healthcare consulting practice for the Cisco Internet Business Solutions Group (IBSG). I work with Cisco's major healthcare customers to innovate and transform their organizations with intelligently applied advanced technologies and business process innovations. I am pleased to be here today to offer Cisco's views on the healthcare IT (HIT) legislation the Subcommittee will consider in the coming weeks.

Cisco was founded 24 years ago by two computer scientists at Stanford University who were seeking a way to exchange information among different computer systems in two different departments. At that time, such communication was difficult, if not impossible—even within a college campus. Today it is, of course, common across the world. Our founders developed a device to enable communication among their disparate computer systems. Known as a router, this became the first Cisco product. Today we are a leading supplier of Internet equipment and advanced technologies. We employ more than 30,000 people in the United States, and our headquarters is in San Jose, California.

Networking equipment—routers and switches—forms the core of the global Internet and most corporate, government, and healthcare networks. Cisco develops the equipment that makes the Internet and networking work. Healthcare providers, payers, and life sciences companies all depend upon Cisco products to move information within their organizations; share information across their business ecosystems; enable their employees to collaborate using video, voice or data; increase productivity through the use of wireless technology; and ensure the security of their networks.

Cisco has a strong commitment to healthcare—not only as a technology company serving our customers, but also as a self-insured employer purchasing health services and providing health benefits for more than 90,000 U.S.-based employees and dependents. Like others, we have seen healthcare costs increase at a rate of 8 to 11 percent annually in recent years.

In partnership with other employers, providers, technology companies, and payers, we are active with initiatives that address healthcare cost and inefficiency. Examples include The Silicon Valley Pay-for-Performance Consortium. The consortium was begun in 2005 by Cisco, Intel Corporation, and Oracle, along with a number of leading California physician organizations and Cigna, to accelerate use of technology for quality healthcare. Through this consortium, seven San Francisco Bay Area provider organizations representing 25 practice sites and more than 1,800 physicians accepted the invitation to join and continue to participate. We are also a leader in the Continua Health Alliance,

whose mission is to establish an ecosystem of interoperable personal telehealth systems that empower people and organizations to manage their health and wellness more effectively.

HIT is an essential enabler of U.S. health transformation. Lives can be saved, equal healthcare access achieved, and costs reduced with information technology adopted broadly among all involved with health and health services. The best outcomes occur when IT is integrated into healthcare operations, transactions, and services. The adoption of modern HIT, including electronic health records (EHRs), is widely recognized as having the single greatest potential for reducing healthcare costs and improving the quality of care.

The American healthcare system is plagued by rising costs and declining quality of care:

- Medical care remains focused on episodic treatment of disease and injury despite demographic trends that demand lifetime health coordination and better management of the more than 90 million Americans who live with chronic illnesses. The medical costs associated with their care are more than $510 billion per year.
- Americans receive recommended, evidence-based care only about half the time. One study estimates that 30 percent of all healthcare dollars are spent on inappropriate care. Clinicians practice expensive care needlessly due to a lack of easy reference information and decision support tools.
- Preventable medical errors are the eighth-leading cause of death in the United States. The Institute of Medicine estimates 45,000-98,000 people die every year from

hospital medical errors—more than perish from motor vehicle accidents or breast cancer.

HIT alone does not solve all of healthcare's challenges, but few of the problems facing healthcare can be fixed without HIT as the essential enabler. HIT can transform the healthcare industry by enabling clinical best practices, enhancing the delivery of health services, and redefining the point-of-care. The result is improved collaboration across the continuum of care, greater health worker efficiency and effectiveness, empowered consumers, and increased consumer accountability.

Cisco's vision is a world of "Connected Health" that creates collaborative relationships among all stakeholders to enable safe, affordable, accessible healthcare. Connecting people with interoperable processes and technology, Connected Health provides critical information *and* health services anywhere, anytime.

We favor legislation that promotes, even accelerates, the adoption of HIT. Integrating the Federal Government's role in HIT promotion is a shared goal. Legislation at this time can help re-ignite momentum for a national HIT agenda.

The successful transformation of the U.S. healthcare system through the adoption of HIT depends upon the presence of several key elements: strong national leadership; input from multiple stakeholders; interoperable solutions based upon recognized industry standards; incentives for adoption; and fair privacy practices and security requirements.

We believe the legislation you will consider contains provisions that address all of these critical elements.

We support legislative efforts to make the Office of the National Coordinator for Health Information Technology (ONCHIT) permanent and provide adequate funding to fully cover the operational needs of the Office. We are also pleased to see the requirement for the National Coordinator to report results annually to keep Congress engaged. We encourage Congress to include in ONCHIT's charter responsibility for accelerating the adoption of HIT and developing a strategic plan that incorporates a range of technologies—an EHR for every American by 2014, as well as solutions such as electronic prescribing, secure messaging, and remote monitoring technologies that support health and wellness.

The development of a strategic plan to implement a nationwide HIT infrastructure cannot be successful unless the Office of the National Coordinator has input from all stakeholders, including patients, doctors, hospitals, clinics, payers, consumer advocates, public health professionals, and the HIT industry. We're pleased to see that Congress specifically calls for broad representation on the HIT Policy Committee as envisioned in the legislation, as each stakeholder has important expertise to share and unique insights to offer.

We are also glad that the HIT Policy Committee is empowered to consider telemedicine solutions as well as technologies for remote monitoring, as well as those that support

continuity of care. We would like to encourage Congress, ONCHIT, and the policy committee to consider those solutions in the broadest sense of their application, without placing constraints on the target population or their potential uses.

The National Alliance for Health Information Technology has defined interoperability in the following way:

"Interoperability is the ability of different information technology systems and software applications to communicate; exchange data accurately, effectively, and consistently; and use the information that has been exchanged."

HIT must be interoperable to be effective. We fully support the call for interoperable IT and standards development. A nationwide health IT network will achieve its maximum benefit only if health information can be shared freely and securely across the continuum of care.

Many providers—particularly those in small practices—face a real challenge as they struggle to make a business case for HIT adoption. Not only must they decide on the most cost-effective means of integrating IT into their practices; they must also determine if the solution they choose will allow them to communicate with others. The reluctance of some to invest in HIT will be overcome only if providers can be assured that the solutions they purchase are certified interoperable and meet industry standards.

As members of the Subcommittee know, the Federal Government is the largest single purchaser of healthcare, spending close to 45 cents of every healthcare dollar. The Federal Government must play a leading role in driving adoption of interoperability standards and facilitating certification of interoperable technologies. The standards committee envisioned in the legislation will bring the proper representatives together to identify and recommend consensus-based standards the government itself can, and should, use.

We're pleased to see that the legislation directs the Federal Government to use its market power to drive implementation of standards by mandating their use by federal agencies. We support enactment of this provision both in the context of the Federal Government's procurement of HIT solutions and in its contractual arrangements with private entities providing services to the government. While use of these standards will not be required, it should be encouraged. The Federal Government can set an example for other payers of the benefit of embracing standards.

One of the biggest obstacles to broader use of HIT is the lack of financial incentives for providers. Financial benefits brought about by HIT investment will, for the most part, flow to payers and patients, rather than to providers, in the form of savings brought on by fewer duplicative tests and medical errors. While many providers can and will invest, small practices—especially those in rural and underserved areas—will face financial challenges investing in HIT solutions. The bill recognizes the need for the government to

provide help through demonstration projects, loans, and grants. We applaud these initiatives and encourage the maximum appropriations possible.

We also believe the Federal Government has an opportunity to accelerate market forces using targeted investments and incentives to promote HIT. We recommend the National Coordinator work with the Secretary of HHS and the Director of the Centers for Medicare and Medicaid Services to create forward-thinking reimbursement policies. For example, establish Medicare reimbursement for remote consultations between primary care physicians and patients, supported by secure messaging.

In countless surveys many Americans remain concerned that their medical information could be vulnerable to theft or that it is being shared without their knowledge. The bill recognizes this by strengthening patient privacy protections and security requirements in an environment where patient data is shared electronically. It codifies, in a manner consistent with the Health Insurance Portability and Accountability Act, the use of safeguards for securing patient data, and also requires notification when a patient's data is stolen. Federal legislation should create a clear threshold that requires notification when a breach of personally identifiable health information presents a reasonable risk of significant harm, medical fraud, identity theft or other unlawful conduct.

Innovative HIT solutions are being developed daily to make patient data more secure than ever before, including when records were maintained only in paper form. Audit trails, authorization and authentication requirements and rendering data unusable are just

a few tools that make electronic patient data more, not less secure, than paper-based patient data. We are pleased the draft legislation recognizes that security measures can and should create a presumption that no reasonable risk exists if unusable data is breached. However, we would encourage Congress to fully address the need for rendering data unusable rather than simply requiring encryption. As noted in the legislation, the Federal Trade Commission is well suited to determine the tools and application of such tools with respect to rendering data unusable or indecipherable.

In closing, we urge the Committee and the House to take up the draft legislation in the coming weeks for consideration. We believe the draft bill addresses five key elements: strong national leadership; input from multiple stakeholders; interoperable solutions based upon recognized industry standards; incentives for adoption; and fair privacy practices and security requirements. We commend the Chairman and the Ranking Member for drafting a strong bi-partisan discussion draft that can be enhanced through the legislative process and hopefully passed into law this year.